

**FY 2013 CRA Model
(Model Files, Cost Matrices, and Reports)
(Public Version)**

I. PREFACE

NOTE: Revisions of 2/06/14 are explained at the end of this document in **bold**.

A. Purpose and Content

USPS-FY13-31 contains the Fiscal Year 2013 Cost and Revenue Analysis (CRA) Model along with public versions of associated cost matrices and reports. In the public cost matrices and reports, costs for First Class Package Service, Priority Mail Express, Priority Mail, Standard Post, Parcel Select Mail, Parcel Return Service Mail, Premium Forwarding Service, Address Enhancement Services, Greeting Cards, Post Office Box Service (Competitive portion), Shipping and Mailing Supplies, and Competitive Negotiated Service Agreements have been rolled up into a single domestic Competitive products total. All files are provided in Excel format.

B. Predecessor Document

In the Postal Service's FY 2012 Annual Compliance Report (ACR) filing (Docket No. ACR2012, December 28, 2012), this material was presented as USPS-FY12-31.

C. Corresponding Non-Public or Public Document

A non-public version of the FY 2013 CRA Model is filed as USPS-FY13-NP13. The non-public version contains complete cost data for the domestic Competitive products listed above.

D. Methodology

The CRA model documented in USPS-FY13-31 uses the same cost methodology and structure as that filed in Docket No. ACR2012, with the following modifications:

1. The name of Express Mail was changed to Priority Mail Express.
2. Standard Post was added to the CRA.DIM as mail class 145.
3. Alaska Bypass was added to the CRA.DIM as mail class 45.
4. Every Door Direct Mail – Retail was added to the CRA.DIM as mail class 24.
5. Priority Mail Express is now class 140, First Class Package Service is 143, Priority Mail is 148, Parcel Select is 151 Parcel Return Service is 154, and Free Mail is now class 86.
6. The application of the Alaska Air Adjustment Factor is now done in USPS-FY13-32, tab CS14. See Docket RM2013-6, Proposal One, August 16, 2013.
7. Attributable costs for competitive Post Office Box Service are calculated using an updated method. This updated calculation is for the costs for Service Enhancements (e.g. Street Addressing, Real Mail Notification, etc.) See Docket No. RM2014-1, Proposal Seven, dated November, 8, 2013.

E. Input/Output

The model documented in USPS-FY13-31 utilizes as input the FY 2013 “B” workpapers contained in USPS-FY13-32, variabilities and distribution keys developed in USPS-FY13-7, equipment- and facility-related costs developed in USPS-FY13-8, In-Office Cost System-derived distribution keys documented in USPS-FY13-37, special services data from USPS-FY13-28, Negotiated Service Agreement data from USPS-FY13-30, revenues and expenses from the FY 2013 USPS general ledger as developed in USPS-FY13-5, and revenues, volumes, and weights reported in the audited FY 2013 Revenue, Pieces and Weight by Classes of Mail and Special Services (RPW) report.

Model outputs are utilized by the International Cost and Revenue Analysis (ICRA) Model, files for which are provided in USPS-FY13-NP4. Outputs from this folder are also used in the CRA Report, provided in USPS-FY13-1, the Cost Segments and Component Report provided in USPS-FY13-2, the calculation of incremental cost provided in USPS-FY13-NP10, and functional piggybacks provided in USPS-FY13-24.

II. ORGANIZATION

The contents of USPS-FY13-31 are organized in Electronic folders as follows:

1. CRA Model

USPS-FY13-31\Model\CRA.Model.xls	CRA run module
USPS-FY13-31\Model\CRA.DIM.xls	CRA data input module
USPS-FY13-31\Model\FY13.cntl.xls	CRA control tables and source documentation

2. Cost Files

USPS-FY13-31\Cost\FY13.I.xls	Input matrix
USPS-FY13-31\Cost\FY13.Mod1.xls	GDEI calculations and output matrix
USPS-FY13-31\Cost\FY13.A.xls	“A” calculations and output matrix
USPS-FY13-31\Cost\FY13.F.xls	“F” calculations and output matrix
USPS-FY13-31\Cost\FY13.B.xls	“B” calculations and output matrix

3. Reports

USPS-FY13-31\Reports\FY13.IRpt.xls	Input report
USPS-FY13-31\Reports\FY13.ARpt.xls	“A” report (without PESSA costs)
USPS-FY13-31\Reports\FY13.FRpt.xls	Factor report
USPS-FY13-31\Reports\FY13.BRpt.xls	“B” report (PESSA detail)
USPS-FY13-31\Reports\FY13.CRpt.xls	Cost segments and components report
USPS-FY13-31\Reports\FY13.DRpt.xls	Final adjustments

PUBLIC CRA REVISIONS OF 2/06/2014

Section A below describes the process used to make the updates associated with the updated RPW extract file materials filed in USPS-FY13-NP31 in response to Q. 11 of ChIR No. 1. Section B describes the effects of that process.

A. Revision Process

RPW gets uploaded to I-forms (USPS-FY13-32 - Workpapers B Input file).

RPW goes to the input sheet on each of the cost segment spreadsheets (Workpapers B) that use data.

From the input sheet the numbers go out to some of the worksheets (tabs) in the spreadsheets where they are used in calculations.

The calculations may go to one tab or several tabs in the cost segment worksheet, where more calculations may be made.

The calculations culminate in the Outputs to CRA tab in each cost segment worksheet (Workpapers B).

All data from the Outputs to CRA tab gets uploaded into the CRA model (USPS-FY13-31 - FY2013 CRA Model).

The CRA model distributes the data by class and component to several places in the model.

The CRA model also uploads RPW for its own use to calculate new outputs not done in the Workpapers B.

The outputs from all of those calculations goes into all of the model reports A,B,C,D,F,I (USPS-FY13-31 - Reports).

B. Model and Report changes

Slight changes in the distribution of costs, due to the RPW corrections, can be seen throughout the CRA reports, but they are shown most clearly in the C Report and in more detail in the A Report (USPS-FY13-31).

The cost segment that shows the most difference in costs is CS1, Postmasters, whose costs are distributed on Product Revenue, and which changed slightly for almost all products. Of course, the total costs for the CS1 are the same, but the distribution among products and the split between market dominant and competitive costs went from \$280,742/\$60,116 to \$280,099/\$60,520.

Other segments with product cost changes, albeit very small, are CS2, Supervisors and Technicians, CS3 Clerks and Mailhandlers, CS6 City Delivery Carriers Office, CS7 City Delivery Carriers Street, CS10 Rural Carriers, CS13 Miscellaneous Local Operations, CS16 Supplies and Services, and CS18 Administration and Area Operations.

Cost Segments that were not affected by the RPW correction were CS8 Vehicle Service Drivers, CS11 Custodial and Maintenance Services, CS12 Motor Vehicle Service, CS14 Transportation, CS15 Building Occupancy, CS17 Research and Development, CS19 General Management Services and CS20 Other Accrued Expenses.

One Trial Balance change resulted in a cost difference of \$9K in products and supplies for Priority Mail in CS16. That change can be seen in cell O60 of the A.Rpt, tab CS16, which is showing costs for class 148, Priority, in component 187, Miscellaneous Supplies and Services, and which changed from \$170,548 to \$170,539.

CRA values that changed (compared to the original filing) have been highlighted in the Public CRA summary report (USPS-FY13-1).